



FEDERAL ELECTION COMMISSION
Washington, DC 20463

DEC 05 2005

Christopher A. Myers, Esq.
Holland & Knight LLP
1600 Tysons Boulevard
McLean, VA 22102-4867

RE: MUR 5645
Highmark Inc.
George Grode

Dear Mr. Myers:

On November 15, 2005, the Federal Election Commission accepted the signed conciliation agreement submitted on Highmark Inc.'s behalf in settlement of a violation of 2 U.S.C. § 441b(a), a provision of the Federal Election Campaign Act of 1971, as amended. In addition, the Commission determined to take no further action as to George Grode. Accordingly, the file has been closed in this matter as it pertains to Highmark and Mr. Grode.

The Commission reminds you that the confidentiality provisions of 2 U.S.C. § 437g(a)(12)(A) still apply, and that this matter is still open with respect to other respondents. The Commission will notify you when the entire file has been closed.

Enclosed you will find a copy of the fully executed conciliation agreement for your files. Please note that the civil penalty is due within 30 days of the effective date of the conciliation agreement. If you have any questions, please contact me at (202) 694-1650.

Sincerely,

A handwritten signature in black ink that reads "Mark Allen".

Mark Allen
Attorney

Enclosure
Conciliation Agreement

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FEDERAL ELECTION
COMMISSION
OFFICE OF GENERAL
COUNSEL

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
) MUR 5645
Highmark Inc.)

CONCILIATION AGREEMENT

This matter was initiated by a sua sponte and voluntary submission by Highmark Inc. and other information ascertained by the Federal Election Commission ("Commission") in the normal course of carrying out its supervisory responsibilities. The Commission found reason to believe that Highmark Inc. ("Highmark" or "Respondent") violated 2 U.S.C. §§ 441b(a) and 441c(a)(1).¹

NOW, THEREFORE, the Commission and the Respondent, having participated in informal methods of conciliation, prior to a finding of probable cause to believe, do hereby agree as follows:

I. The Commission has jurisdiction over the Respondent and the subject matter of this proceeding, and this agreement has the effect of an agreement entered pursuant to 2 U.S.C. § 437g(a)(4)(A)(i).

II. Respondent has had a reasonable opportunity to demonstrate that no action should be taken in this matter.

III. Respondent enters voluntarily into this agreement with the Commission. Respondent has cooperated with the Commission to resolve this matter.

IV. The pertinent facts in this matter are as follows:

¹ The facts relevant to this matter occurred both prior to and after the effective date of the Bipartisan Campaign Reform Act of 2002 ("BCRA"), Pub. L. 107-155, 116 Stat. 81 (2002). Accordingly, the activity prior to BCRA is subject to the provisions of the Act as it existed at that time and the activity after BCRA is subject to the Act as amended by BCRA. However, the statutory provisions at issue, 2 U.S.C. §§ 441b(a) and 441c(a)(1), were not amended by BCRA in a manner relevant to the activity in this matter.

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Highmark, Inc. Conciliation Agreement
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1 1. Highmark is a corporation within the meaning of 2 U.S.C. § 441b(a) and is
2 a federal government contractor.

3 2. Bruce Hironimus was Vice President for Government Affairs at
4 Highmark during the time of all the actions described in this agreement. During 1999-2002 he
5 was supervised by George Grode, Executive Vice President, Corporate Affairs and Government
6 Business at Highmark, and during 2003 he was supervised by David O'Brien, Executive Vice
7 President, Government Services.

8 3. Santorum 2000, Santorum 2006 and America's Foundation f/k/a
9 Fight PAC are political committees within the meaning of 2 U.S.C. § 431(4). Santorum
10 2000 and Santorum 2006 are the authorized political committees for Senator Rick
11 Santorum for the 2000 and 2006 elections, respectively.

12 4. The Federal Election Campaign Act of 1971, as amended (the
13 "Act"), prohibits a corporation from making contributions in connection with any election for
14 federal office. 2 U.S.C. § 441b(a). The Act also prohibits any officer or director of a
15 corporation from consenting to a contribution or expenditure by the corporation. *Id.* The term
16 "contribution" includes "any direct or indirect payment, distribution, loan, advance, deposit, or
17 gift of money, or any services, or anything of value" to any candidate or campaign committee, in
18 connection with a federal election. 2 U.S.C. § 441b(b)(2). The Act also prohibits federal
19 government contractors from making contributions. 2 U.S.C. § 441c(a)(1).

20 5. Bruce Hironimus organized and chaired a golf tournament fundraising
21 event at the Country Club of Hershey on May 14, 1999, supporting Senator Rick Santorum and
22 Santorum 2000. Mr. Hironimus communicated with Santorum 2000 personnel regarding Senator
23 Santorum's attendance at the event.

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1 6. Highmark, through Bruce Hironimus's use of expense reports and check
2 requests, paid \$16,536.87 for costs related to the May 14, 1999 fundraising event such as greens
3 fees, golf carts, meals, beverages, prizes, handouts and invitations.

4 7. Bruce Hironimus organized and chaired a golf tournament fundraising
5 event at the Country Club of Hershey on August 24, 2000, supporting Senator Rick Santorum
6 and Santorum 2000. Mr. Hironimus communicated with Santorum 2000 personnel regarding
7 Senator Santorum's attendance at the event.

8 8. Highmark, through Bruce Hironimus's use of expense reports and check
9 requests, paid \$14,998.34 for costs related to the August 24, 2000 fundraising event such as
10 greens fees, golf carts, meals, beverages, prizes, handouts and invitations.

11 9. Bruce Hironimus organized and chaired a golf tournament fundraising
12 event at the Country Club of Hershey on May 17, 2002, supporting Senator Rick Santorum and
13 America's Foundation f/k/a Fight-PAC. Mr. Hironimus communicated with America's
14 Foundation personnel regarding Senator Santorum's attendance at the event.

15 10. Highmark, through Bruce Hironimus's use of expense reports and check
16 requests, paid \$14,604.45 for costs related to the May 17, 2002 fundraising event such as greens
17 fees, golf carts, meals, beverages, prizes, handouts and invitations.

18 11. Bruce Hironimus participated in a fundraising reception at a private home
19 on June 30, 2003, supporting Senator Rick Santorum and Santorum 2006.

20 12. Highmark, through Bruce Hironimus's use of a check request, paid
21 \$7,568.40 for catering and, through Bruce Hironimus's use of an expense report, paid \$370.41
22 for wine related to the June 30, 2003 fundraising event.

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1 13. Highmark made \$54,078.47 in corporate contributions relating to the four
2 fundraiser events described in Paragraphs IV.5 – IV.12. In reliance on representations and
3 assurances by Mr. Hironimus, his supervisors approved his expense reports containing a total of
4 \$17,035.66 in costs relating to the four fundraiser events.

5 V. 1. Respondent made corporate contributions in violation of 2 U.S.C.
6 § 441b(a). Respondent will cease and desist from violating 2 U.S.C. § 441b(a).

7 2. Respondent will provide a copy of this Conciliation Agreement to each
8 Highmark director and the following Highmark officers: Chairperson of the Board; President
9 and Chief Executive Officer; Executive Vice President, Government Services; Vice President,
10 Government Affairs; Executive Vice President, Human Resources and Administrative Services;
11 Executive Vice President, Finance and Subsidiary Services, Treasurer and Chief Financial
12 Officer; Executive Vice President, Health Services; Senior Vice President, Chief Audit
13 Executive; Senior Vice President and Corporate Compliance Officer; Senior Vice President,
14 General Counsel and Corporate Secretary; Senior Vice President, Corporate Affairs; Assistant
15 Secretary; Assistant Treasurer.

16 VI. Respondent will pay a civil penalty to the Federal Election Commission in the
17 amount of Fifty-Four Thousand, Seventy-Eight Dollars (\$54,078), pursuant to 2 U.S.C.
18 § 437g(a)(5)(A).

19 VII. The Commission, on request of anyone filing a complaint under 2 U.S.C.
20 § 437g(a)(1) concerning the matters at issue herein or on its own motion, may review compliance
21 with this agreement. If the Commission believes that this agreement or any requirement thereof
22 has been violated, it may institute a civil action for relief in the United States District Court for
23 the District of Columbia.

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1 VIII. This agreement shall become effective as of the date that all parties hereto have
2 executed same and the Commission has approved the entire agreement.

3 IX. Respondent shall have no more than 30 days from the date this agreement
4 becomes effective to comply with and implement the requirements contained in this agreement
5 and to so notify the Commission.

6 X. Highmark understands that the recipient political committees Santorum 2006 and
7 America's Foundation f/k/a Fight-PAC will be requested to disgorge the above-referenced
8 corporate contributions to the United States Treasury. Highmark waives any and all claims it
9 may have to the refund or reimbursement of such contributions.

10 XI. This Conciliation Agreement constitutes the entire agreement between the
11 parties on the matters raised herein, and no other statement, promise, or agreement, either written
12 or oral, made by either party or by agents of either party, that is not contained in this written
13 agreement shall be enforceable.

14 FOR THE COMMISSION:

15 Lawrence H. Norton
16 General Counsel

17 BY: Rhonda Vosdigh
18 Rhonda J. Vosdigh
19 Associate General Counsel
20 for Enforcement

12/5/05
Date

21 FOR THE RESPONDENT:

22 Christopher A. Myers
23 Christopher A. Myers
24 Counsel for Respondent

October 5, 2005
Date